

Commissioner Lynn M. Bragg
STEEL (TA-201-73) - Remedy Recommendation
December 7, 2001

Pursuant to section 202(e)(1) of the Trade Act of 1974, I am required to recommend action to the President that will address the serious injury or threat of serious injury to the domestic industries, and that will be most effective in facilitating the efforts of the domestic industries to make a positive adjustment to import competition.

In deciding the form and amount of relief to recommend, I took into account the relevant factors in section 202(e)(5) of the Trade Act. I also considered the evidentiary basis for my injury determinations in this investigation, the impact relief may have on the steel market, and the administrative feasibility of implementing a given action. Given the condition of the steel producers, with 23 recent bankruptcies, I am recommending relief that will provide needed breathing room for adjustment and, I believe, will complement the President's efforts to address concerns regarding global over-capacity and production.

I will provide the reasons for the following remedy recommendations in the Commission report to the President:

- (1) I will recommend that the President impose a duty, in addition to the current rate of duty, for a four-year period on all imports of carbon and alloy steel products and for a three-year period on all imports of stainless and tool steel products that are subject to the remedy phase of this investigation, without exclusion except as noted. The two periods of relief reflect the differences in the level of performance and business cycles for carbon and alloy steel producers and stainless and tool steel producers, respectively.

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- Regarding carbon and alloy Flat Products (including slabs, cut-to-length plate, hot-rolled sheet and strip, cold-rolled sheet and strip, corrosion-resistant flat products, and tin mill products), I recommend a 40 percent *ad valorem* duty in the first year of relief to be staged down by 2 percentage points in year two, by 2 percentage points in year three, and by 5 percentage points in year four.

Based on my NAFTA injury findings, I recommend that carbon and alloy flat imports from Canada not be subject to the increased duty, and that imports of these products from Mexico be subject to the increased duty.

- Regarding carbon and alloy Long Products (including hot-rolled bar, cold-finished bar, and rebar), I recommend a 35 percent *ad valorem* duty in the first year of relief to be staged down by 2 percentage points in year two, by 2 percentage points in year three, and by 5 percentage points in year four.

Based on my NAFTA injury findings, I recommend that imports of carbon and alloy long products from both Canada and Mexico not be subject to the increased duty.

- Regarding carbon and alloy Tubular Products (including welded tubular products other than OCTG and fittings, flanges, and tool joints), I recommend a 30 percent *ad valorem* duty in the first year of relief to be staged down by 2 percentage points in year two, by 2 percentage points in year three, and by 5 percentage points in year four.

Based on my NAFTA injury findings, I recommend that imports of carbon and alloy welded tubular products other than OCTG from Canada be subject to the increased duty, and that imports of these products from Mexico not be subject to the increased duty.

Based on my NAFTA injury findings, I recommend that imports of carbon and alloy fittings, flanges, and tool joints from both Canada and Mexico be subject to the increased duty.

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- Regarding Stainless Flat and Long Products and Tool Steel (including stainless bar, stainless rod, and tool steel), I recommend a 25 percent *ad valorem* duty in the first year of relief to be staged down by 5 percentage points in year two and by 5 percentage points in year three.

Based on my NAFTA injury findings, I recommend that imports of stainless bar, stainless rod, and tool steel from both Canada and Mexico not be subject to the increased duty.

- Regarding Stainless Wire, I recommend a 15 percent *ad valorem* duty in the first year of relief to be staged down by 5 percentage points in year two and by 5 percentage points in year three.

Based on my NAFTA injury findings, I recommend that imports of stainless wire from both Canada and Mexico not be subject to the increased duty.

- Regarding Stainless Fittings and Flanges, I recommend a 30 percent *ad valorem* duty in the first year of relief to be staged down by 5 percentage points in year two and by 5 percentage points in year three.

Based on my NAFTA injury findings, I recommend that the imports of stainless fittings and flanges from both Canada and Mexico be subject to the increased duty.

- (2) I further recommend that each of my duty increases not apply to imports of covered steel products entered duty-free from beneficiary countries under the Caribbean Basin Economic Recovery Act, the Andean Trade Preference Act, the U.S.-Israel Free Trade Agreement Act, or the U.S.-Jordan Free Trade Area Implementation Act.